Saskatchewan
Housing
Corporation

ANNUAL REPORT 1983

Letter from the Minister

Regina, Saskatchewan
April 5th, 1984

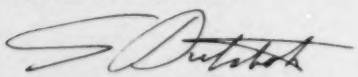
To His Honour,
The Honourable Fredrick W. Johnson
Lieutenant Governor of the Province of Saskatchewan

Sir:

I have the honour to submit herewith the Annual Report of the Saskatchewan Housing Corporation for the period January 1st to December 31st, 1983, including financial statements for the year duly certified by the Provincial Auditor and in a form approved by the Treasury Board, all in accordance with the Saskatchewan Housing Corporation Act.

I have the honour to be, Sir

Your obedient servant,



Sid Dutchak
Minister in Charge of the
Saskatchewan Housing Corporation

Minister's Statement

During 1983 the Saskatchewan Housing Corporation underwent a significant change in direction and purpose.

This change was characterized by programs like Build-a-Home Saskatchewan. The program had a tremendous impact on the homeowners, home builders, and real estate people in the province. Build-a-Home illustrated how a government working with the private sector can create jobs and provide economic stimulus in a time of recession. But more jobs and economic growth were only part of the success of the program. The true lasting legacy is to the 6,000 young Saskatchewan families who now have a new house to call home.

Another crucial component of the SHC mandate is our commitment to the senior citizens of Saskatchewan. To this end, the Task Force On Senior Citizen Housing was created. The Task Force gathered opinions at the grassroots level and established a foundation for ongoing dialogue with the province's pioneers. The recommendations of the Task Force will help form the basis of all future housing initiatives for seniors.

The Saskatchewan Housing Corporation has plotted a course for the future based on common sense and the fundamentals of good business. I believe the new aims of the Corporation will assist us in providing better service for Saskatchewan people.

Board of Directors

Hon. Sid Dutchak, Chairman
Prince Albert, Saskatchewan

Hon. Neal Hardy, Vice-Chairman
Hudson Bay, Saskatchewan

R. Afseth
Saskatoon, Saskatchewan

D. Eberle
Melfort, Saskatchewan

J. H. Hansen
Regina, Saskatchewan

S. Harris
Saskatoon, Saskatchewan

N. Kent
Prince Albert, Saskatchewan

I. Leason
Hudson Bay, Saskatchewan

D. M. Dobni
Secretary to the Board
Regina, Saskatchewan

President's Report

1983 was a year of significant challenge. Success was measured in the way Saskatchewan Housing Corporation met and surpassed these challenges.

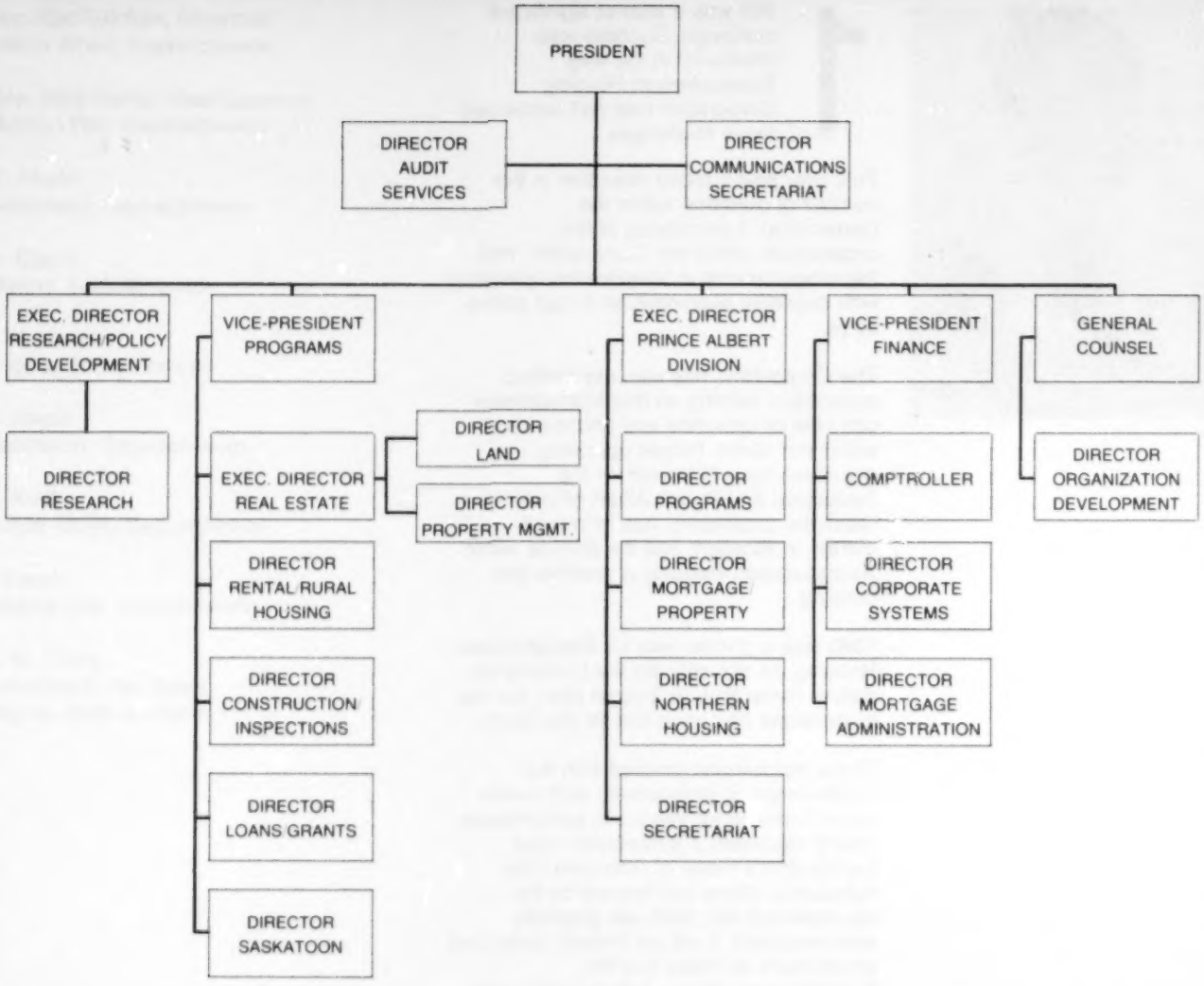
This year saw a major reduction in the number of positions within the Corporation, a simplifying of the organization within the Corporation, and the move towards a businesslike operation with divisional alignment on a cost centre basis.

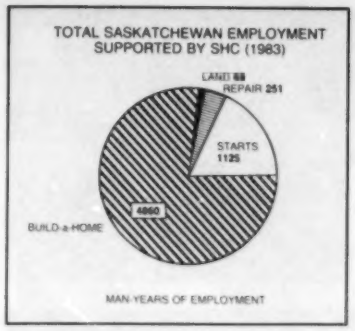
The Corporation has also established succession training so that Management can now be groomed and chosen from within our ranks. Proper operating mandates have been set for the Saskatoon and Prince Albert offices. As a result the productivity has improved, morale is excellent and the attitude within Saskatchewan Housing is positive and building.

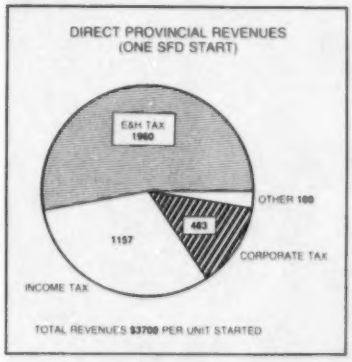
1983 was a pivotal year for Saskatchewan Housing, as not only did the Corporation deliver better than its budget plan, but the cornerstone has been laid for the future.

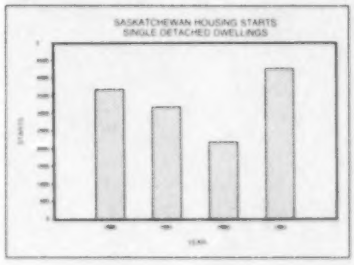
These innovations coupled with the improvement in productivity, and overall commitment to excellence in performance clearly represent a turnaround in the Corporation's mode of operation. The substantial efforts put forward by the Management and Staff are gratefully acknowledged. It will be through continued efforts such as these that the Saskatchewan Housing Corporation will achieve its full potential.

President.


PRESIDENT
DIRECTOR AUDIT SERVICES
DIRECTOR COMMUNICATIONS SECRETARIAT
EXEC. DIRECTOR RESEARCH/POLICY DEVELOPMENT
DIRECTOR RESEARCH
VICE-PRESIDENT PROGRAMS
EXEC. DIRECTOR REAL ESTATE
DIRECTOR LAND
DIRECTOR PROPERTY MGMT.
DIRECTOR RENTAL/RURAL HOUSING
DIRECTOR CONSTRUCTION/INSPECTIONS
DIRECTOR LOANS/GRANTS
DIRECTOR SASKATOON
EXEC. DIRECTOR PRINCE ALBERT DIVISION
DIRECTOR PROGRAMS
DIRECTOR MORTGAGE PROPERTY
DIRECTOR NORTHERN HOUSING
DIRECTOR SECRETARIAT
VICE-PRESIDENT FINANCE
COMPTROLLER
DIRECTOR CORPORATE SYSTEMS
DIRECTOR MORTGAGE ADMINISTRATION
GENERAL COUNSEL
DIRECTOR ORGANIZATION DEVELOPMENT







Program activity at the Corporation was characterized by two very successful ventures during 1983. The Build-a-Home Program and the Task Force on Senior Citizen Housing represent the new purpose and direction of the Corporation.

The *Build-a-Home Program* was one of the most successful programs administered by the Corporation in 1983. The program provided assistance in the form of a $3,000 grant to purchasers of newly constructed homes.

The program assisted approximately 6,000 households in purchasing a new home and the $3,000 incentive also helped increase single detached starts by 96% over the 1982 level in the Province. This activity helped support an estimated 4,860 man years of work in the residential construction industry and generated an estimated $19.6 million in provincial revenue.

The Build-a-Home Program exemplifies this Government's commitment to the housing needs of Saskatchewan. The program assisted many families in the purchase of their first new home and at the same time provided a badly needed employment incentive to the construction industry.

The Corporation recognized that existing programs must be changed and new programs introduced to more adequately meet the changing need of senior citizens. Accordingly the Task Force On Senior Citizen Housing was established to seek the opinion of the elderly on seniors' housing requirements.

Over a three month period the Task Force visited ten centres and received many oral and written briefs from individuals and organizations. Many of these briefs contained common themes generated from what we believe to be real needs of the elderly population. Foremost among these themes was the need to continue a home repair grant to the elderly which will more adequately cover the increasing cost of home maintenance and permit the elderly to remain in their own homes.

Many of the briefs also dealt with the need to provide a shelter option for those senior citizens encountering only minor difficulties in performing tasks associated with daily living, difficulties that would not warrant the services of a Nursing Home yet preclude total independent living. The one option that was brought forward to serve this need was Enriched Housing.

Enriched Housing, which provides a blend of care services and appropriately designed accommodation, will serve the needs of the growing number of frail elderly, delay institutionalization and enhance the life quality of a large number of households at a reasonable cost to the public sector. The Corporation will be testing this concept by proceeding with pilot projects at the earliest possible moment.

Photos at Cedarwood Manor, Regina.

Grants and Loans Division

The *Grants and Loans Division* administers a number of programs that provide assistance to households purchasing a new home or making modifications to their existing home.

Assistance For New Homes

The Corporation was involved in the administration of the *Home Energy Loan Program*. The program, funded by Saskatchewan Power Corporation, provided a $3,000 interest free loan to assist households to incorporate upgraded energy features in newly constructed homes. To encourage energy efficiency, the Corporation encouraged families receiving assistance under the Build-a-Home Program to incorporate the assistance provided by this program. In 1983, 949 families took advantage of the interest free loan. The Corporation assisted with inspections and certification of work done under the program.

Assistance To Owners of Existing Homes

The Corporation is involved in the delivery of a number of programs that assist home owners to make improvements or upgrade the energy efficiency of their existing dwelling.

The Province provides assistance to low income families, senior citizens and the disabled under four separate programs. The *Residential Rehabilitation Program* provides low interest loans of up to $8,000 to homeowners with incomes of $16,500 or less to assist them to upgrade their homes. Each loan includes a forgivable amount which need not be repaid by the borrower, provided the borrower continues to reside in the home for up to five years. The amount of forgiveness is based on the applicant's income and cost of repairs, but cannot exceed $2,500. Applicants need not borrow any repayable loan to qualify for the forgivable portion.

In 1983, 420 loans were committed with a value of $1,146,319 and $644,016 of this was forgiveness or not repayable.

The *Senior Citizens Home Repair Program* provided seniors with the opportunity to remain independent in their own homes by assisting them with repairs that will make their homes safer, more comfortable and livable. A grant of up to $650 was available depending on the applicant's income and the cost of the work undertaken. Households receiving any part of the Guaranteed Income Supplement were eligible for assistance. In 1983, SHC paid 1,141 senior citizen households grants totaling $507,776.

The grant has been renewable every five years and the current five year cycle expired on September 1, 1983. The Task Force on Senior Citizen Housing will be making recommendations regarding new home repair options for the elderly.

The *Home Modification For The Disabled Program* is designed to aid disabled individuals to remain independent by assisting them with design changes to their homes.

Individuals with a long term disability or the parents/guardians of individuals with a disability may qualify for a grant of up to $2,000. The income eligibility level for applicants was raised from $16,500 to $23,000 during this past year.

The disabled may combine this program with other home repair programs administered by the Corporation to assist them with other general home improvements. During 1983, 115 households took advantage of the program.

To improve the energy efficiency of owner-occupied existing homes the *Warm-Up Saskatchewan Program* provided interest free loans of up to $1,000.

Eligible work includes improving insulation, upgrading storm windows and doors, and other similar projects.

The program is funded by the Saskatchewan Power Corporation and the Saskatchewan Housing Corporation provides assistance with inspections.

During 1983, 4,805 households took advantage of the program bringing the total number of applications since 1978 to 22,011.

The Saskatchewan Housing Corporation also administers the *Rural Rehabilitation Assistance Program* for the Canada Mortgage and Housing Corporation. The program provides assistance for home repair in centres with populations under 2,500.

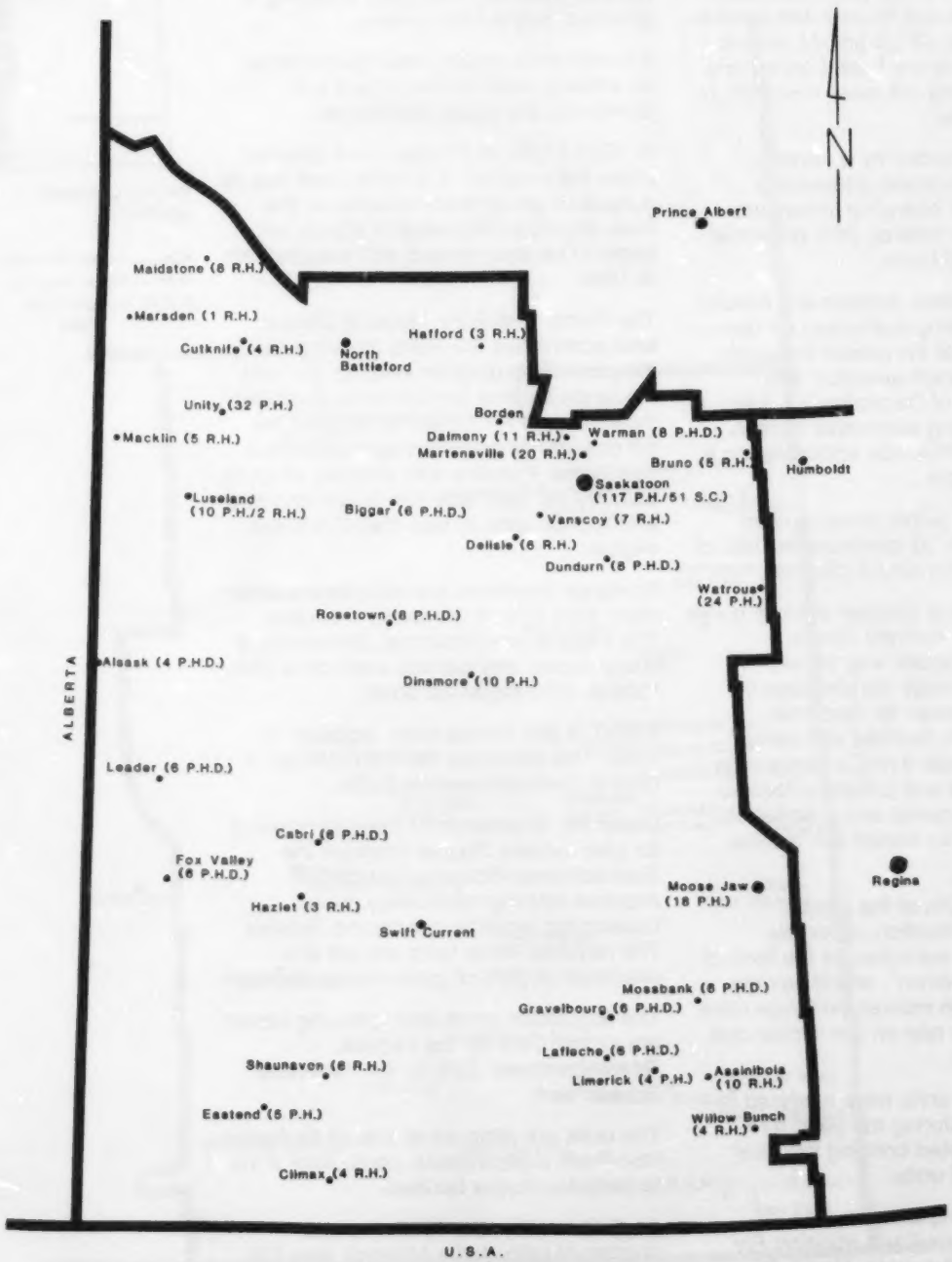
Households with incomes under $23,000 are eligible for loans of up to $10,000. Depending on the applicant's income and the cost of the work, up to $5,000 of this loan can be considered forgivable and does not have to be repaid providing the applicants continue to live in their home for five years.

During 1983, 1,008 loans with a total value of $4,563,768 were approved under this Program.

SASKATCHEWAN
SOUTHWEST

P.H. — Public Housing
R.H. — Rural Housing
P.H.D. — Non-Profit
S.C. — Non-Profit (Senior Citizen)

New Units Started in 1983



The Saskatchewan Housing Corporation is committed to providing good quality affordable rental accommodation for low income families and senior citizens.

The Rental Housing Division administers three rental programs for households in Saskatchewan. The *Public Housing Program* provides rental accommodation for low income senior citizens and families who are unable to afford private market rents. Project rents are based on income, with tenants paying not more than 25% of their gross income.

The program is funded by a Federal, Provincial and Municipal partnership. Capital costs and operating losses are shared on a 75% federal, 20% provincial and 5% municipal basis.

Following completion, projects are handed over to local housing authorities for day-to-day operation of the project including rent collection, tenant selection and maintenance. As of December 31, 1983, a total of 228 housing authorities were in existence in this Province administering a total of 10,279 units.

During 1983, 621 public housing units were committed in 35 communities; 565 of these units were for senior citizens.

The Rental Housing Division also administers the *Non-Profit Rental Program.* This program was initially established to address the shortage of rental accommodation for moderate income individuals, families and senior citizens. SHC is now trying to encourage private non-profits and private enterprise to address these needs and is targetting its non-profit activity toward low income households.

SHC provides 100% of the capital financing for construction under this program. Federal subsidies, in the form of an "interest write down", which pay the difference between market mortgage rates and a 2% interest rate on the capital cost are also available.

During 1983, 307 units were tendered in 22 communities. During the year, 514 units were completed bringing the total inventory to 1,850 units.

The Rental Housing Division also administers the *Non-Profit Housing For Senior Citizens Program.* Under this program non-profit groups or organizations may apply to the Corporation for construction grants equal to 20% of the capital cost of projects constructed for senior citizens.

Federal subsidies in the form of an "interest write down", which pay the difference between market mortgage rates and a 2% interest rate on capital costs, are also provided. Mortgage financing is obtained from private lenders.

The non-profit groups must demonstrate an existing need for the project and provide an 8% equity contribution.

In 1983 a total of 51 units were assisted under the program. It is envisioned that as a result of government initiative in this area, significant increase in activity will begin to be experienced with this program in 1984.

The Rental and Rural Housing Division also administers the *Rural Housing Program.* This program enables low and moderate income families whose annual income could not otherwise support the full cost of home ownership to acquire a new home. Families with incomes of up to $22,000 per year who live in communities with a population of less than 2,500 are eligible.

Mortgage payments are established at no more than 25% of the family's income. The Federal and Provincial Governments share capital and subsidy costs on a 75% federal, 25% provincial basis.

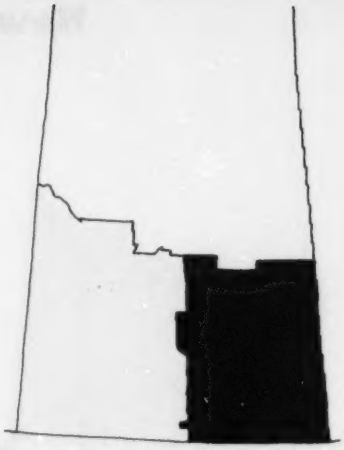
A total of 264 homes were tendered in 1983. This increases the total number of units in Saskatchewan to 2,884.

Under the *Acquisition of Existing Housing for Low Income People Program* the Saskatchewan Housing Corporation acquires existing moderately priced housing for rental to low income families. The rents for these units are set at a maximum of 25% of gross family income.

The acquisition costs and operating losses are shared 75% by the Federal Government and 25% by the Provincial Government.

The units are often administered by Native Non-Profit organizations, particularly if the tenants are Native families.

As of December 31, 1983, the total number of units in the province was 536.



SASKATCHEWAN
SOUTHEAST

P.H. — Public Housing
R.H. — Rural Housing
P.H.D. — Non-Profit

New Units Started in 1983

Real Estate and Property Division

The Real Estate and Property Division administers two programs, one which provides assistance to households to obtain mortgage financing on new houses and another which provides assistance to municipalities to develop an adequate supply of residential land.

The *Saskatchewan Family Home Purchase Program* allows residents, whose income is insufficient to obtain a mortgage from a private lender, to apply to the Saskatchewan Housing Corporation who will then act as a lender of last resort.

Families in urban centres may acquire a maximum loan of $52,400, while rural area families may qualify for a loan of up to $46,000 to finance a new home.

This program is intended to provide modest housing for Saskatchewan families whose income does not exceed $30,000 per year. The applicants are free to make design decisions within the program size and price provisions.

A cash down payment or sweat equity equivalent to 20% must be provided by the applicant and applicants are encouraged to use Saskatchewan manufacturers and products when possible.

During 1983, 25 units were started under this program and 22 units completed.

The *Land Assembly Program* provides smaller centres with a supply of residential land when the private sector cannot accommodate the need.

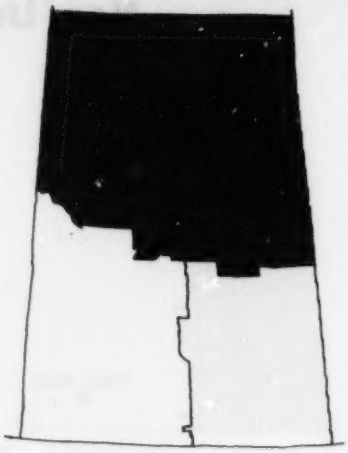
The province provides 95% of the capital funding for purchase and servicing costs of land development. Municipalities are responsible for 5% of the total cost.

This program enables municipalities to develop a two to three year supply of serviced land to ensure that there is an ample supply of lots for new home construction.

Provincial and municipal costs, including interest charges and carrying costs, are re-couped when the lots are sold.

During 1983 the province committed $4,902,366 to fund the development of 129 lots plus other components of residential subdivisions such as school, church and multi-family sites in 3 communities. During the year the Corporation sold 565 lots.

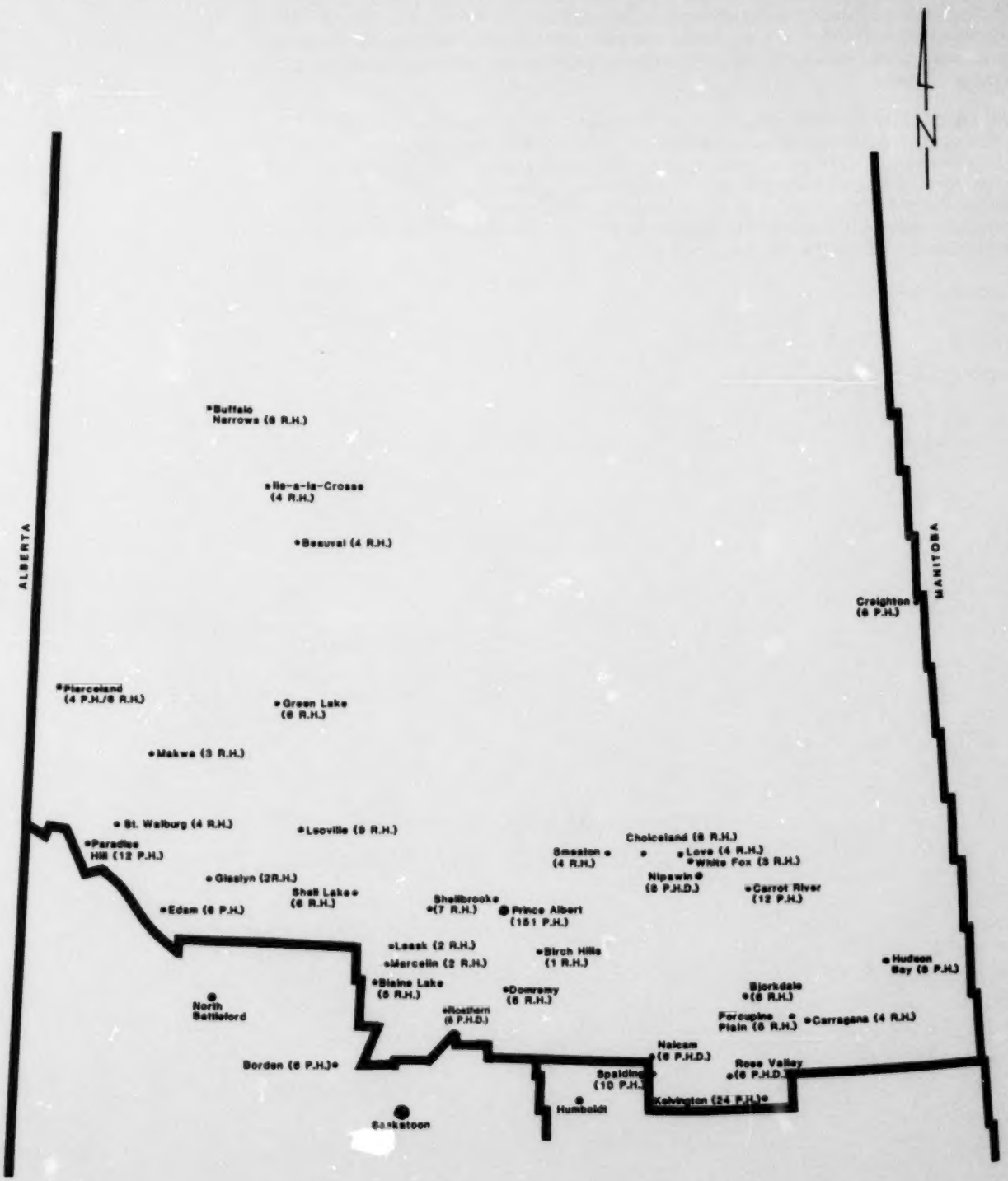
The Corporation has begun a program of disposing of land holdings which are not immediately developable as in some instances the holding costs of such lands exceeds the increase in market value.



SASKATCHEWAN NORTH

P.H. — Public Housing
R.H. — Rural Housing
P.H.D. — Non-Profit

New Units Started in 1983



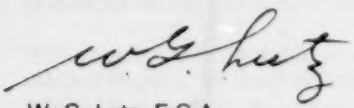
Auditor's Report

To the Members of the Legislative Assembly
Province of Saskatchewan

I have examined the consolidated balance sheet of the Saskatchewan Housing Corporation as at December 31, 1983 and the consolidated statements of accumulated operating surplus, operations and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these consolidated financial statements present fairly the financial position of the Corporation as at December 31, 1983 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements applied, after giving retroactive effect to the changes in accounting policy and to other revisions to information reported in 1982 as explained in Note 10 to the financial statements, on a basis consistent with that of the preceding year.

Regina, Saskatchewan,
April 4, 1984.



W. G. Lutz, F.C.A.,
Provincial Auditor.

Consolidated Balance Sheet

As at December 31

Assets	1983	1982 (Restated)
Cash and Short Term Investments, At cost (approximates market value)	$ 35,620,083	$ 50,253,345
Accounts Receivable	$ 17,800,715	$ 28,172,174
Grants Receivable-Province of Saskatchewan (Note 8)	$ 386,922	$ 9,928,653
Mortgages and Loans (Notes 3 & 10)	$ 80,515,227	$ 85,282,542
Land Inventory, Net of Accumulated Provision for Loss — $2,767,500; 1982 — $2,121,898 (Notes 1, 2, 10 & 15)		
Developed and Under Development	$ 37,025,010	$ 40,468,874
Held for Future Development	17,562,118	17,769,801
	$ 54,587,128	$ 58,238,675
Investment in Housing Projects (Notes 1, 2, 6 & 10)		
Under Construction	$ 40,127,944	$ 35,630,415
Completed	155,254,470	115,220,793
	$195,382,414	$150,851,208
	$384,292,489	**$382,726,597**
Liabilities and Province's Equity		
Liabilities:		
Accounts Payable and Accrued (Note 18)	$ 38,223,227	$ 29,456,044
Accumulated Capital Provisions (Note 1)	1,882,197	1,790,259
Land Assembly Holding Account (Notes 1, 7 & 10)	5,774,260	6,407,272
Long Term Debt (Note 5)	310,763,849	308,906,336
	$356,643,533	$346,559,911
Province's Equity:		
Accumulated Operating Surplus	$ 18,744,265	$ 15,984,785
Contributed Surplus (Note 9)	8,904,691	20,181,901
	$ 27,648,956	$ 36,166,686
	$384,292,489	**$382,726,597**

Consolidated Statement of Accumulated Operating Surplus

For the Year Ended December 31

	1983	1982 (Restated)
Balance, Beginning of Year	$ 15,984,785	$ 11,202,693
Net Income	3,845,786	4,782,092
Allocation to Absorb Previous Years' Unfunded Administration Expenses (Note 8)	(1,086,306)	—
Balance, End of Year	**$ 18,744,265**	**$ 15,984,785**

See accompanying notes.

Consolidated Statement of Operations

For the Year Ended December 31	PUBLIC HOUSING		NON-PROFIT HOUSING	
	1983	1982 (Restated)	1983	1982 (Restated)
Revenues:				
Sales	$ —	$ —	$ —	$ —
Rents and Other Income	3,884,775	3,264,966	5,359,000	3,863,736
Interest Income (Note 11)	—	—	—	—
Federal Interest Reduction Subsidies (Note 1)	—	—	6,001,795	3,859,812
	$ 3,884,775	$ 3,264,966	$11,360,795	$7,723,548
Expenditures:				
Cost of Sales	$ —	$ —	$ —	$ —
Interest Expense (Notes 1 & 12)	6,529,258	5,260,296	8,658,214	5,785,558
Maintenance (Note 1)	1,266,191	812,574	1,774,955	830,993
Taxes, Insurance and Other	2,402,911	2,050,949	1,020,791	1,097,521
Amortization	117,616	111,028	44,874	34,191
Administration — Expenses	680,019	587,520	448,656	296,212
— Recovered or Capitalized	—	—	—	—
Grants (Note 8)	—	—	—	—
	$10,995,995	$ 8,822,367	$11,947,490	$8,044,475
Excess Revenues (Expenditures)	$ (7,111,220)	$(5,557,401)	$ (586,695)	$ (320,927)
Surplus on Land Sales Transferred to Land Assembly Holding Account	—	—	—	—
Grants from Province of Saskatchewan (Note 1)	7,111,220	5,557,401	—	—
Income (Loss) Before the Following:	$ —	$ —	$ (586,695)	$ (320,927)
Capital Cost Overruns (Note 13)	—	—	(2,465,847)	—
Provision for Losses	—	—	(65,000)	—
Transfer from Accumulated Capital Provisions (Note 14)	—	—	680,464	—
Net Income (Loss)	**$ —**	**$ —**	**$ (2,437,078)**	**$ (320,927)**

See accompanying notes.

RURAL HOUSING		LAND		CORPORATE		TOTAL	
1983	1982 (Restated)	1983	1982 (Restated)	1983	1982 (Restated)	1983	1982 (Restated)
$ —	$ —	$8,329,303	$ 3,967,240	$ —	$ —	$ 8,329,303	$ 3,967,240
228,902	45,329	—	—	89,188	10,086	9,561,865	7,184,117
1,621,885	1,041,724	—	—	14,855,704	11,220,654	16,477,589	12,262,378
—	—	—	—	—	—	6,001,795	3,859,812
$ 1,850,787	$ 1,087,053	$8,329,303	$ 3,967,240	$ 14,944,892	$11,230,740	$ 40,370,552	$ 27,273,547
$ —	$ —	$6,983,365	$ 3,918,734	$ —	$ —	$ 6,983,365	$ 3,918,734
2,026,400	1,252,379	—	—	7,742,739	4,041,961	24,956,611	16,340,194
124,403	35,390	—	—	22,405	25,245	3,187,954	1,704,202
707,546	72,090	—	—	34,156	5,477	4,165,404	3,226,037
42,509	23,454	—	—	8,108	—	213,107	168,673
205,589	53,122	—	—	9,692,046	7,673,781	11,026,310	8,610,635
—	—	—	—	(2,466,184)	(1,491,755)	(2,466,184)	(1,491,755)
1,077,352	851,829	—	—	22,961,256	6,070,366	24,038,608	6,922,195
$ 4,183,799	$ 2,288,264	$6,983,365	$ 3,918,734	$ 37,994,526	$16,325,075	$ 72,105,175	$ 39,398,915
$(2,333,012)	$(1,201,211)	$1,345,938	$ 48,506	$(23,049,634)	$ (5,094,335)	$(31,734,623)	$(12,125,368)
—	—	(710,205)	(101,506)	—	—	(710,205)	(101,506)
2,333,012	1,201,211	—	—	30,174,199	12,230,820	39,618,431	18,989,432
$ —	$ —	$ 635,733	$ (53,000)	$ 7,124,565	$ 7,136,485	$ 7,173,603	$ 6,762,558
(175,934)	(230,538)	—	—	—	—	(2,641,781)	(230,538)
(210,000)	—	(907,500)	(1,700,000)	(184,000)	(49,928)	(1,366,500)	(1,749,928)
—	—	—	—	—	—	680,464	—
$ (385,934)	**$ (230,538)**	**$ (271,767)**	**$(1,753,000)**	**$ 6,940,565**	**$ 7,086,557**	**$ 3,845,786**	**$ 4,782,092**

Consolidated Statement of Changes in Financial Position

For the Year Ended December 31

Cash Was Provided By:	1983	1982 (Restated)
Net Income	$ 3,845,786	$ 4,782,092
Expenditures Not Requiring Cash:		
Cost of Land Sales	$ 6,983,365	$ 3,918,734
Provision for Cost Overruns	1,700,000	230,538
Provision for Losses	1,366,500	1,700,000
Amortization	213,107	168,673
Provision for Capital Replacement	877,548	464,529
Provided from Operations	$14,986,306	$11,264,566
Increase in Accounts Payable and Accrued	8,767,183	5,210,231
Grant for Cornwall Centre	1,250,000	1,250,000
Land Infill Subsidies	800,000	980,000
Proceeds of Long Term Debt	10,240,000	84,686,000
Decrease in Receivables	10,371,459	28,222,557
Decrease (Increase) Mortgages and Loans	4,767,315	(26,199,394)
Decrease (Increase) in Grants Receivable	8,455,425	(6,866,472)
	$59,637,688	$98,547,488
Cash Was Used For:		
Investment in Land Inventory	$ 5,039,318	$15,079,735
Investment in Housing Projects	49,042,612	34,870,642
Repayment of Long Term Debt	8,382,487	1,311,866
Decrease in Land Assembly Holding Account	633,012	405,883
Repayment to Consolidated Fund	11,173,521	—
	$74,270,950	$51,668,126
Increase (Decrease) in Cash and Short Term Investments	**$(14,633,262)**	**$46,879,362**

See accompanying notes.

December 31, 1983

Note 1
Significant Accounting Policies

Management has prepared the financial statements of the Saskatchewan Housing Corporation and has primary responsibility for the integrity and objectivity of the information. Because a precise determination of certain assets and liabilities depends on future events, estimates and approximations have been included based on currently available information and management's judgement of present conditions and circumstances. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below.

Basis of Consolidation

The consolidated financial statements include the accounts of Saskatchewan Housing Corporation, its wholly-owned subsidiary, Prairie Housing Development and the Corporation's proportionate share of the net assets and revenues and expenditures of the joint venture projects in which it participates, as described in Note 2.

Segmented Information

The Consolidated Statement of Operations reflects revenues and expenditures of the Corporation according to major program areas.

Non-Profit Housing encompasses the activities of Prairie Housing Development.

The Corporate segment includes non-allocated revenues and expenditures consisting primarily of interest (Notes 11 and 12), corporate administration costs, and grants and subsidies paid not included in other segments (Note 8). Certain allocations of administration costs have been made to the Housing segments where permitted under joint venture agreements.

Interest is allocated from interest expense to Public, Non-Profit and Rural Housing projects based on rates established at project commitment date. These rates approximate market rates at the time, which are generally higher than the rates the Corporation pays on funds borrowed.

Investment in Housing Projects

Completed projects are carried at the lower of cost or costs agreed upon with the joint venture partners, less accumulated amortization. The Corporation capitalizes the following in arriving at the cost of a project:

Land acquisition costs

Direct development and construction costs

Administration costs allocated

Land carrying costs, interest and results of rental operations prior to close out date.

Certain assets transferred pursuant to Section 4(6) of the Saskatchewan Housing Corporation Act have initially been recorded at the lower of the originally approved project commitment amortized to October 31, 1982, less cost to complete, or the net book value at that date. Amortization on these assets is recorded on the sinking fund basis over periods up to twenty-five years.

Public and Rural Housing projects are closed out upon substantial completion of construction and determination of final capital costs. Non-Profit Rental projects are closed out in the month in which construction is completed and renting can begin. Amortization is recorded on completed projects on the sinking fund basis over periods ranging from twenty-five to fifty years. By this method, amortization is charged to expense in an amount which increases annually and is considered sufficient to amortize the projects fully over their anticipated useful lives.

Certain Rural Housing units are sold with full financing. When sold, these units are carried as Mortgages and Loans. The intent when selling is to recover actual costs; accordingly, sales are not recognized in the Consolidated Statement of Operations.

Land Inventory

Land is carried at the lower of cost and net realizable value.

The Corporation capitalizes the following in arriving at the cost of land:

Land acquisition costs

Direct development costs

Administration costs allocated

Land carrying costs

Interest

When capitalizing interest, interest is applied to the net investment (after deducting any provision for loss).

Land sales are recorded at the earlier of receipt of total lot sale proceeds or the first floor joist stage of construction.

The cost of land sales is allocated in proportion to anticipated revenue.

Land profits are distributed according to the various agreements with the Municipalities. The majority of existing agreements provide for the profits to be transferred to a holding account for social or recreational development in Municipalities or for other purposes as deemed appropriate by the Corporation. Individual project accounts are subject to release pending determination of final costs, receipt of the last lot sale proceeds, and approval by the Corporation. New agreements provide for the profits to be distributed in proportion to the partners' capital contributions.

Transfers of land for use in housing projects are made at normal market prices.

Fixed Assets

Purchases of office and specialized equipment are charged to operations in the year of purchase and gross proceeds on any disposal are recorded as revenue.

Grants from the Province of Saskatchewan

The Corporation receives the following operating and program grants from the Consolidated Fund of the Province of Saskatchewan pursuant to the provisions of Section 36 of the Saskatchewan Housing Corporation Act:

Public Housing

These are related to investment in public housing projects constructed for rent to low and moderate income tenants. The rents charged are dependent on tenants' income which does not necessarily cover the operating costs and debt retirement requirement of the project. Amounts reflected in the Consolidated Statement of Operations represent the Corporation's recovery of its share of project deficits and principal and interest amortization.

Rural Housing

These are similar to Public Housing Grants where the units are rented. Where the units are mortgaged, the grant reduces the required individual mortgage payments to a percentage of the mortgagor's income.

Other Grants and Operations

These include recoveries of third party grants and an operating grant intended to cover the Corporation's net administration costs. Third party grants are primarily accounted for on a cash basis.

For the purpose of revenue recognition, grants from the Province of Saskatchewan are shown equal to related program expenditures or deficits as applicable.

Accumulated Capital Provisions

In accordance with Section 56.1 of The National Housing Act, the Corporation provides each year for replacement of appliances and for building and site renovations at rates agreed to by the Canada Mortgage and Housing Corporation. These amounts are charged to Maintenance and credited to Accumulated Capital Provisions. Amounts are charged against Accumulated Capital Provisions as actual expenditures are incurred.

Federal Interest Reduction Subsidies

These represent amounts provided to Prairie Housing Development by the Canada Mortgage and Housing Corporation subject to the terms of an agreement entered into by the Corporation with C.M.H.C. under Section 56.1 of the National Housing Act.

Interest Capitalized

When capitalizing interest for housing and land projects, the rate is established at project commitment date. These rates approximate market rates at the time, which are generally higher than the rates the Corporation pays on funds borrowed.

Note 2
Joint Ventures

Public Housing

Public Housing projects are constructed and operated under terms of joint venture agreements entered into with Canada Mortgage and Housing Corporation and various Municipalities. The Corporation's participation in these joint ventures is variable but approximates twenty percent. The Corporation's participation in these joint ventures includes the following items in the Consolidated Balance Sheet:

Assets:	1983	1982 (Restated)
Accounts Receivable — Housing Authorities	$ 338,187	$ 1,082,528
Investment in Housing Projects		
— Completed	61,272,968	57,688,478
— Under Construction	9,367,206	5,902,518

Rural Housing

Rural Housing projects are constructed under terms of joint venture agreements entered into with Canada Mortgage and Housing Corporation. The Corporation's participation in these joint ventures is twenty-five percent and includes the following items in the Consolidated Balance Sheet:

Assets:	1983	1982 (Restated)
Investment in Housing Projects		
— Completed	$12,960,885	$10,390,981
— Under Construction	1,057,991	3,881,452
Mortgages and Loans	13,436,262	12,221,350

Land Assembly

Land Assembly projects are developed under terms of joint venture agreements entered into with various Municipalities. Development costs are shared ninety-five percent by the Corporation and five percent by the Municipality. The Municipalities' equity of $1,706,061 (1982 — $2,219,878) is included in Accounts Payable and Accrued.

Note 3
Residential Rehabilitation Loan Forgiveness

The Corporation, on behalf of the Province of Saskatchewan, administers a program of providing loans to people for repairing their homes. If prescribed conditions are met, all or a portion of the loan is forgiven. The forgivable portion of the loan is reimbursed to the Corporation by the Province. The portion of loans receivable included in the financial statements at the year-end under this program totalled $7,639,339 (1982 — $8,050,205) of which $3,308,795 (1982 — $3,631,017) is eligible to be forgiven.

Note 4
Commitments

The Corporation had the following commitments as at December 31, 1983:

a) Construction expenditures in the amount of $19,400,000.

b) Land development expenditures in the amount of $7,100,000.

c) Mortgages and loans, approved but undisbursed, approximating $700,000.

d) Build-A-Home grants approximating $2,000,000.

e) Lease payments over the next seven years in the following annual minimum amounts:

1984 to 1985	—	$569,000
1986	—	560,000
1987	—	553,000
1988 to 1990	—	500,000.

Note 5
Long Term Debt

Advances — Consolidated Fund, Province of Saskatchewan

Interest Rate	Year Repayable	Amount	Interest Rate	Year Repayable	Amount
8.21%	1995	$ 5,197,000	9.98%	1999	$ 6,648,000
8.65%	1995	6,541,000	10.22%	1999	6,258,000
8.96%	1995	7,998,000	10.68%	1999	4,000,000
9.04%	1996	7,899,000	11.50%	1999	4,667,000
9.00%	1996	5,000,000	11.24%	2000	1,233,000
8.97%	1996	6,032,000	12.74%	2000	9,329,000
9.25%	1996	5,141,000	11.61%	2000	6,661,000
9.22%	1996	3,202,000	12.55%	2000	6,752,000
9.02%	1997	2,393,000	12.50%	2000	926,000
8.83%	1997	4,082,000	13.09%	2000	6,986,000
9.22%	1997	4,000,000	13.13%	2001	7,204,000
9.06%	1997	6,399,000	13.66%	2001	5,871,000
9.18%	1997	4,694,000	15.69%	2001	14,421,000
9.00%	1997	5,972,000	17.00%	2001	7,611,000
8.99%	1997	2,765,000	17.51%	2001	6,968,000
8.77%	1997	4,671,000	16.10%	2002	6,776,000
8.88%	1997	4,894,000	15.12%	2002	8,732,000
8.98%	1997	3,537,000	15.25%	2002	17,225,000
8.98%	1998	1,542,000	14.96%	2002	17,511,000
9.37%	1998	6,526,000	15.54%	2002	8,972,000
9.46%	1998	7,168,000	14.16%	2002	3,203,000
9.49%	1998	5,794,000	13.43%	2002	9,444,000
10.26%	1999	4,000,000	12.01%	2002	4,823,000
10.02%	1999	2,427,000	12.14%	2003	4,556,000
10.02%	1999	7,578,000	12.16%	2003	5,684,000
					$307,913,000

Canada Mortgage and Housing Corporation — Loans	
6.875% — 10.75% due 1984 — 2011	
($2,796,917 secured by land assembly projects)	2,850,849
Other — Land purchase agreements, due 1984	40,626
Less: Long term debt due within one year	(40,626)
	$310,763,849

Debt repayment on $2,796,917 of the Canada Mortgage and Housing Corporation liability which represents land assembly loans will be related to future lot sales.

Note 6
Investment in Housing Projects — Completed

The Corporation's investment in completed housing projects as at December 31 was as follows:

	1983			1982 (Restated)
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Public Housing	$ 62,034,047	$ 761,079	$ 61,272,968	$ 57,688,478
Non-Profit Rental Housing	80,676,620	119,549	80,557,071	46,795,202
Rural Housing and Other	13,647,134	222,703	13,424,431	10,737,113
	$156,357,801	**$1,103,331**	**$155,254,470**	**$115,220,793**

Note 7
Land Assembly Holding Account

	1983	1982 (Restated)
Balance, January 1	$6,407,272	$6,813,155
Add: Surplus on land sales	796,543	101,506
Internal transfers and other	22,695	133,490
	$7,226,510	$7,048,151
Deduct: Allocations and payouts	1,452,250	640,879
Balance, December 31	**$5,774,260**	**$6,407,272**

Note 8
Grants Receivable — Province of Saskatchewan

Description	Balance January 1	Received from Consolidated Fund	Reflected as Revenues in Consolidated Statement of Operations	Applied to Capital Projects	Allocation from Accumulated Operating Surplus	Balance December 31
1983						
Public Housing	**$6,207,735**	**$12,799,000**	**$ 7,111,220**	**$1,250,000**	**$ —**	**$ 1,769,955**
Rural Housing	**$ 46,503**	**$ 2,341,670**	**$ 2,333,012**	**$ —**	**$ —**	**$ 37,845**
Infill	**$ 387,500**	**$ 1,187,500**	**$ —**	**$ 800,000**	**$ —**	**$ —**
Administration	$1,032,887	$10,168,790	$ 7,212,943	$ —	$1,086,306	$(3,009,266)
Other						
Senior Citizens Home Repair Assistance	$ 291,769	$ 1,250,000	$ 507,776	$ —	$ —	$ (450,455)
Non-Profit Sponsors of Moderately Priced Senior Citizens Accommodation	(153,249)	670,000	501,601	—	—	(321,648)
Residential Rehabilitation Loan Forgiveness	352,694	1,984,500	1,502,502	—	—	(129,304)
Co-operative Housing	346,950	1,650,000	1,235,887	—	—	(67,163)
Non-Profit Sponsors of Moderately Priced Accommodation (Urban-Native)	2,146,037	4,463,000	2,840,558	—	—	523,595
Farm Housing	—	351,000	287,039	—	—	(63,961)
Home Modification — Handicapped	(16,679)	255,000	188,557	—	—	(83,122)
Build-A-Home	—	13,200,000	15,897,336	—	—	2,697,336
Other	(713,494)	(196,604)	—	—	—	(516,890)
	$2,254,028	$23,626,896	$22,961,256	$ —	$ —	$ 1,588,388
Total Administration and other	$3,286,915	$33,795,686	$30,174,199	$ —	$1,086,306	$(1,420,878)
Grand Total	**$9,928,653**	**$50,123,856**	**$39,618,431**	**$2,050,000**	**$1,086,306**	**$ 386,922**
1982 (Restated) Grand Total	**$3,062,181**	**$14,352,960**	**$18,989,432**	**$2,230,000**	**$ —**	**$ 9,928,653**

Note 9
Contributed Surplus

	1983	1982
Balance, January 1.	$20,181,901	$ 7,515,630
Add: Assumption of assets pursuant to Section 4(6) of the Saskatchewan Housing Corporation Act	—	12,666,271
	$20,181,901	$20,181,901
Deduct: Amounts paid to the Consolidated Fund as consideration for certain of the assets acquired by the Corporation pursuant to Sections 4(5) and 4(6) of the Saskatchewan Housing Corporation Act	11,173,521	—
Amortization	77,144	—
Write-offs and adjustments (net)	26,545	—
Balance, December 31	**$ 8,904,691**	**$20,181,901**

Note 10
Restatements of 1982 Financial Statements

Changes in Accounting Policy

The accounting policy for revenue recognition of grants from the Province of Saskatchewan for operations was changed in 1983 to recognize revenues equal to net administration costs. This policy complies with the method by which the funding of this grant has been requested and appropriated. Previously, revenues were recognized equal to net operating results which included net administration costs.

The retroactive application of this policy has resulted in an increase in revenue recognized in 1982 of $4,782,092. This amount plus prior years' net incomes of $11,202,693, previously included in Unexpended Grants, has been separated and presented as Accumulated Operating Surplus.

Public Housing

The retroactive recognition of certain public housing close-outs has resulted in the reversal of interest and operating results previously capitalized. The total Investment in Housing Projects has been reduced by $498,437 with a corresponding decrease in Accumulated Operating Surplus. The Consolidated Statement of Operations has been restated to reflect the related operations and Grant from the Province for these projects, resulting in increases in Grants Receivable and Accumulated Operating Surplus of $659,706 each.

Rural Housing

The finalization of close-outs for rural housing units and their retroactive transfer to Mortgages and Loans have resulted in a reduction of total Investment in Housing Projects by $1,560,662 and an increase in Mortgages and Loans of $1,341,586. Interest and operating results previously capitalized have been reversed and the Grant from the Province recorded with the net effect being a decrease in Grants Receivable of $62,911 and a decrease in Accumulated Operating Surplus of $493,600.

Land

Information which became available in 1983 has necessitated revisions to Land Sales and Cost of Sales resulting in a decrease to Surplus on Land Sales Transferred to Land Assembly Holding Account of $266,132. As well, adjustments to land acquisition projects have resulted in an increase in Land Inventory and a corresponding increase in Accumulated Operating Surplus of $929,109.

Cost Overruns — Non-Profit Housing

In 1983 cost overruns on Non-Profit Housing projects have been expensed in the Consolidated Statement of Operations. This represents a change in accounting policy from 1982 when $216,855 in similar overruns were charged against Accumulated Capital Provisions. This change coincided with a Board decision to apply the surplus provisions used to fund these overruns to Income. Accordingly, no retroactive application of this new policy has been made.

Notes to Consolidated Financial Statements

Note 11
Interest Income

	1983	1982 (Restated)
Rural Housing:		
Mortgages	$ 1,621,885	$ 1,041,724
Corporate:		
Co-operative Housing mortgages	$ 6,983,284	$ 5,568,658
Short term investments	5,458,485	4,088,736
Farm Housing mortgages	1,442,272	806,496
Other mortgages and loans	971,663	756,764
	$14,855,704	$11,220,654
	$16,477,589	**$12,262,378**

Note 12
Interest Expense

	1983	1982 (Restated)
Interest incurred	$38,243,188	$31,849,683
Less: Interest capitalized	(11,265,190)	(9,396,862)
Interest recovered	(2,021,387)	(6,112,627)
	$24,956,611	**$16,340,194**

Note 13
Capital Cost Overruns

Housing projects are developed subject to terms of agreements entered into by the Corporation with C.M.H.C. under Section 40 and Section 56.1 of The National Housing Act. These amounts represent costs in excess of those agreed to by C.M.H.C.

Note 14
Transfer from Accumulated Capital Provisions

This represents a transfer of surplus capital provisions accumulated by the Corporation, as approved by the Board of Directors.

Note 15
Land Infill Subsidies

An amount of $13,064 (1982 — $780,469), representing Land Infill Subsidies to be recovered through future appropriations from the Consolidated Fund of the Province of Saskatchewan, is included as part of Land Inventory shown on the Consolidated Balance Sheet.

Note 16
Build-A-Home Saskatchewan Grant Forgiveness

During the year, the Corporation provided assistance in the form of a $3,000 grant to Saskatchewan residents constructing new homes. This grant is paid at the time of occupancy and is forgiven at the rate of $600 per year, provided ownership is retained. In 1983, the Corporation made net grant payments of $15,897,336 of which approximately $1,080,000 had been forgiven at December 31.

Note 17
Comparative Information

Certain 1982 financial information has been reclassified to conform with the 1983 presentation.

Note 18
Related Party Transactions

Related parties to the Corporation are Saskatchewan's Crown controlled departments, agencies and corporations. Transactions with these parties are conducted at normal market prices, except that expenditures for the acquisition of certain furniture and furnishings have been paid by the Department of Supply and Services.

At December 31, 1983, Accounts Payable and Accrued includes an amount of $5,657,945 repayable to the Consolidated Fund, Province of Saskatchewan. This includes $4,123,972, which relates to previously unidentified interest recoveries on Northern Housing Assets which were not transferred pursuant to Section 4(6) of the Saskatchewan Housing Corporation Act, but for which the Corporation assumed collection responsibility.

Note 19
Remuneration For Directors and Senior Officers

During the year ended December 31, 1983 six persons (1982 — seventeen) served on the Corporation's Board of Directors and seven persons (1982 — seven) served as senior officers.

The aggregate remuneration to Directors amounted to $5,175 (1982 — $2,550) and the aggregate remuneration to senior officers was $420,916 (1982 — $374,367).